

SB 234 SUMMARY

§1 Short Title

§2 Purposes

Similar to 36 other states, the bill creates a "fair plan" for real property insurance to make basic property and casualty insurance available to persons who cannot get insured through the normal insurance market. An all-industry placement facility would equitably distribute many such risks plus the cost of administering them, to Montana licensed P&C insurers based on each company's share of the Montana property insurance market.

§3 Rulemaking Authority

(1) Mandatory participation by all Property & Casualty (P&C) insurers and P&C farm mutuals;

(2) forms & rates to be approved by Commissioner;

(3) Rulemaking authority for inspections, assessments and assignment of risk.

§4 Definitions

(1) Placement facility

(a) Basic P&C insurance - fire insurance policy

(b) habitational property (primarily living)

(c) insurer - licensed MT P&C carrier

(d) gross direct premiums written

§5 Inspections

(1) Authority to define scope of inspections

(2) Report with photos

(3) Copies to facility and (available) to applicant

§6 Inability to get other insurance Applicant may need to demonstrate inability to get other insurance in the admitted market

The facility makes its own coverage determination

If it approves coverage the facility will designate a servicing insurer and apportion costs and risk to association insurers

§7 Assessments

Expense of servicing the policies is recoverable from the association and can be assessed to association members if the facility is not self supporting

§8 Maximum Limits on Liability

(1) The limit of coverage on a dwelling is its insurable market value.

(2) the facility may also decide to insure against theft (up to 10K), liability (up to 100K), and medical (up to 1K).

§9 Action Reports In response to the application, either the

- (1) Facility offers coverage
- (2) Facility offers coverage with surcharge due to specified conditions
- (3) Facility declines coverage (with conditions to be met to gain coverage)
- (4) Facility finds applicant is not eligible for coverage & states reasons, i.e.,

Failure to meet reasonable underwriting standards

- (1) Physical/construction/heating/wiring(a) Fire history(b) Housekeeping

Then the Facility notifies applicant and servicing insurer of coverage

The policy is to issue within 10 days after the premium is paid

Any declination notice must issue within 60 days of application

§10 Joint Reinsurance Association (JRA) established to share costs of the coverage

- (1) Proportional to each insurer's share of habitational market and commercial market
- (2) Servicing insurer cedes or passes 100% of coverage cost including administrative cost to the Join Reinsurance Association.

§11 Facility's Plan of Operation to be Approved by Commissioner

§12 Standard P&C Policy Forms to be used

§13 Cancellation - needs facility and Commissioner's Approval

- (1) 45 days notice
- (2) notice of right to appeal

§14 Right to Appeal to Commissioner within 30 days by Applicant or Insurer

§15 Producer Commissions set by the facility

§16 Organization of Facility covering Committee

- (1) Operating Rules approved by Commissioner
- (2) 7 members
 - (a) three from each of the highest P&C insurers(b) one from the largest farm mutual P&C insurer;(c) one producer;(d) two public members
- (3) One year terms; Annual meeting

Facility appoints a Manager

- (1) Facility's annual budget is subject to approval by the management committee and the Commissioner and is furnished to the member insurers.

- (2) Facility provides an Annual Report to the Commissioner and all member insurers

§17 Public Education

- (1) Notice of cancellation to include information on facility coverage available to the applicant

§18 Detailed records to be kept by Servicing insurer.